

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814

May 6, 1996

To : All School District Superintendents and County Superintendents of Schools

Subject : **ADVISORY OF ACTIONS TAKEN BY THE STATE ALLOCATION BOARD**

On May 1, 1996, the State Allocation Board (SAB) took action to allocate funding to all hardship, priority one and priority two projects for all phases of new construction and modernization projects that appeared on the "unfunded list" as of May 1, 1996. The Office of Public School Construction (OPSC) was directed to calendar those projects representing approximately \$1.4 billion for actual apportionment of the funds at the next meeting of the SAB, scheduled for May 29, 1996. The SAB also addressed those projects currently assigned priorities three through eight and directed the OPSC to develop a policy that would allow districts to enhance their project priority in order to receive funding as a priority one or priority two project.

This letter will serve to notify those districts with projects pending an apportionment as a result of this action and to advise all districts of procedures that will be followed by the OPSC regarding those apportionments and the subsequent release of funds. Issues and procedures to be followed are as follows:

Unfunded list as of May 1, 1996

Please note that the "unfunded list" that the SAB recommended for apportionments include all phase "zero" approvals that were included on the consent calendar on the May 1, 1996 agenda. The "unfunded list" that appears in the "Information" section of the SAB agenda only includes phase "zero" approvals as of March 27, 1996. The projects that appear on the "unfunded list" dated May 1, 1996, is available on the Internet on OPSC's Web Page at: <http://www.dgs.ca.gov/opsc/default.htm> or you may contact Lisa Jones at (916) 322-1043 for a copy of the list at no charge. If your project had an assigned priority of three through eight on the "unfunded list" dated May 1, 1996 and you believe that it should have had a priority of either one or two, please advise Richard Gonzalez at (916) 322-1234, so this information may be presented to the SAB for consideration.

Priority for Processing by the OPSC

In accordance with the direction from the SAB, the OPSC will focus its project management staff's workload on processing and the release of the Proposition 203 funds to be allocated by the SAB on May 29, 1996. This will include the processing of fund releases for planning, site and construction (i.e. bid approvals). Therefore, all appeals, other than health and/or safety, will become a second priority for consideration by the SAB until release of the Proposition 203 funds has been completed. This includes appeals regarding the interest policy previously adopted by the SAB. Additionally, requests for application phase approvals will be considered a lower processing priority.

Release of Phase P and Phase S funds

Once the actual apportionment is made by the SAB on May 29, 1996, for the Phase P and/or Phase S funds for those projects identified on the "unfunded list" dated May 1, 1996, the OPSC will be in a position to release planning and/or site funds to the district once the district has submitted to the OPSC the documents shown on the attached checklist. The OPSC is currently reviewing each project that will be receiving Phase P and/or site funds to identify those documents that are missing and notifying the district accordingly. If you are aware that any of these documents have not yet been submitted to the OPSC, please submit them as soon as possible to expedite the release of the funds.

Please note that the SAB revised its Lease-Purchase agreement at the SAB meeting on January 25, 1995 and requires the new agreement for any project that did not have at least a Phase C "zero" approval as of January 25, 1995. If you have not completed and executed the new agreement for those projects, then this must be accomplished prior to the release of funds. Attached is a copy of the new Agreement Form 518 (4/95) for your use.

Additionally, the SAB does not have a model contract for architectural services. Districts are advised to develop their own agreement and submit it for review by the OPSC. The agreement should have district legal counsel approval and the provisions for fees should not exceed those currently allowed by the SAB.

Construction bid approval

In accordance with established SAB policy, when the project is apportioned for Phase C funds on May 29, 1996, that approval will automatically include the authorization to bid the project. Districts are advised to be familiar with the conditions included on the apportionment item as there are several issues that may either delay or prohibit the district from bidding the project until they are resolved. Issues the district must be aware of are as follows:

1. In some cases, the OPSC plan review was not completed when your project was placed on the "unfunded list" and the amount apportioned for Phase C may include ineligible items or excess area. Districts should not bid their projects until they receive a plan review letter from the OPSC indicating any ineligible work and identifying the allowance for the project. As of the date of this letter, there were only 32 projects where the plan review had not yet been completed. These reviews should be completed by May 29, 1996.
2. In accordance with SAB policy dated January 26, 1994, once the Phase C apportionment is made on May 29, 1996, the district has 180 days to start the construction of the project. Start of construction is defined as issuing the "Notice to Proceed". If the district does not meet this requirement, the construction apportionment is subject to rescission by the SAB. Districts may appeal to the SAB for an extension of the 180 days on a case-by-case basis.

3. In some cases, the Division of State Architect (DSA) will require that the final plans be re-checked by their office to ensure they are consistent with current code requirements. If the DSA approval was made more than one year from the start of construction, districts are advised to check with the DSA for updated approval. If the plan approval by the DSA exceeds one year, the OPSC will not process the bid until the plans have been re-checked or an extension letter from the DSA has been received which indicates that re-approval is not necessary. The DSA is in the process of issuing an advisory letter to district architects of the need for re-approvals or extensions.
4. In some cases, districts declared they would contribute 50 percent of the eligible costs of the project in order to obtain priority one status. Districts were required to certify on Form SAB 520 their ability to fund their share of the cost of the project. All districts that receive a Phase C apportionment on May 29, 1996 will be required to update their District Financial Plan (Form SAB 520) prior to processing of their bid(s) by the OPSC. We will be notifying the affected districts directly of this requirement and provide the necessary form.
5. In accordance with SAB action on February 28, 1996, the SAB no longer requires that contracts comply with the Minority and Women Business Enterprise (M/WBE) requirements. This action was taken on an emergency basis and is effective for 120 days from March 13, 1996. A public hearing is scheduled for May 29, 1996 regarding the repeal of the M/WBE regulations; therefore, districts are advised that the repeal of the M/WBE regulations may be temporary. You will be notified regarding any actions taken by the SAB to reinstate any of these program requirements. Please note that provisions of the Disabled Veteran Business Enterprise requirements are still in effect and apply to any contract that exceeds \$10,000.

The OPSC is currently reviewing the construction documents for those districts that have already started construction and are seeking reimbursement. Most of these bids will be processed and ready for SAB approval in the near future. The OPSC will process bids by date received and in the order (i.e. earliest date) they appeared on the Phase C "unfunded list".

In advance, I want to thank you for your patience and understanding which will allow my staff to direct its full attention to expeditiously releasing Proposition 203 funds. Should you have questions regarding the content of this letter, please direct your calls to your project manager.

Sincerely,

OSCAR WRIGHT
Executive Officer

OW:PS:pp

Attachments